To: Chicago Transit Authority Board

From: Ronald E. DeNard, Chief Financial Officer

Re: Financial Results for March 2015

Date: May 13, 2015

I. Summary

CTA's financial results are $1.5 million unfavorable for the month primarily due to the anticipated reduction in the State's free and reduced fare reimbursement. The year to date is $0.7 million favorable to budget primarily due to lower labor expense.

Ridership was 44.6 million for the month and was 1.4 million less than budget. Ridership for the year to date was 122.2 million and was 2.5 million less than budget. For the month and year to date ridership is on par with prior year.

II. Cash & Liquidity

The chart below highlights CTA's cash position at March 2015 compared to March 2014.

	MAR 2015	MAR 2014	Increase (Decrease)
Unrestricted Cash	$ 157.1	$ 132.6	$ 24.5
Damage Reserve	104.5	112.0	$ (7.5)
Funds Owed by RTA	272.4	248.7	$ 23.7
Trust Portfolio Assets	658.6	406.4	$ 252.2
Total Cash and Receivables	$ 1,192.6	$ 899.7	$ 292.9

CTA's total cash/receivables balance is equal to $1.2 billion. Unrestricted cash was $24.5 million more than the prior year due to receipt of ICE grants from the RTA, earmarked for specific projects, and timing of expenditure and capital reimbursements. The Damage Reserve is sufficiently funded and was $7.5 million lower than last year reflecting payouts for settled claims. Funds owed by the RTA were approximately $272.4 million which was $23.7 million more than the prior year primarily due to a delay in State PTF (Public Transportation Funding). CTA continues to work closely with the RTA to monitor their receivable balance owed. Trust Portfolio Assets represents bond proceeds held in Trust for funding capital projects and making required debt service payments.

III. Revenue

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Fare & Pass Revenue	**$ 48,591**	**$ (1,076)**	$ (342)	**$ 134,796**	**$ (2,146)**	$ (1,630)

- Fare and pass revenue for March was unfavorable to budget and prior year by $1.1 million and $0.3 million, respectively. The average fare for the month was $1.09 and was $0.01 more than budget.

- Year to date fare and pass revenue was $2.1 million less than budget and $1.6 million less than prior year. The average fare for the year to date was $1.10 per ride and is on par with budget. The year to date revenue was negatively impacted by the coldest February ever in Chicago and was the third-snowiest February on record.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Reduced Fare Subsidy	**$ -**	**$ (2,360)**	$ (1,217)	**$ 4,720**	**$ (2,360)**	$ 1,069

- Reduced Fare Subsidy is $2.4 million less than budget for the month and year to date due to the anticipated reduction in State funding for the free and reduced fare mandates. According to the current State budget for the January to June time period, we expect to receive approximately $7.1 million (half of the originally budgeted amount). January and February reflected the fully budgeted amount, prior to the announced cuts, which is why March is lowered.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Advertising, Charter, Concession	**$ 2,327**	**$ (42)**	$ 96	**$ 7,127**	**$ 11**	$ 466

- Advertising, Charter and Concessions Revenue is slightly unfavorable to budget for the month. The increase over prior year is due to higher special contract guarantees, concession contracts, and the annual increase in vehicle and platform advertising minimum guarantee.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Investment income	**$ 91**	**$ 34**	$ 80	**$ 562**	**$ 392**	$ 413

- Investment income was higher than budget for the month and prior year. An overall higher yielding portfolio and better security selection will continue to improve investment income in FY 15.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Other Revenue	**$ 3,170**	**$ 1,039**	$ (493)	**$ 7,725**	**$ 1,457**	$ (2,937)

- Other Revenue was favorable to budget by $1.0 million for the month due to additional parking and non-capital grant revenues. The month and year to date is lower than prior year due to lower grant revenues and a one-time sale of property in 2014.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Total System Generated Revenue	**$ 54,179**	**$ (2,406)**	$ (1,876)	**$ 154,931**	**$ (2,646)**	$ (2,620)

- Total System-Generated Revenue was $2.4 million less than budget for the month primarily due to the anticipated reduction in the State's free and reduced fare subsidy. The year to date system-generated revenue is $2.6 million less than prior year primarily due to the sale of property in 2014.

IV. Expenses

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Labor	**$ 84,712**	**$ 2,091**	$ (3,676)	**$ 244,827**	**$ 4,192**	$ (2,843)

- Labor expense was $2.1 million favorable to budget for the month, mainly due to timing of hiring for the year and favorable fringe expenses. Labor expense is $3.7 million unfavorable to prior year due for the month due to timing of a labor credit in 2014 and contractual wage rate increases in 2015.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Material	**$ 6,680**	**$ (745)**	$ (145)	**$ 20,436**	**$ (1,371)**	$ (1,247)

- Material expense was unfavorable to budget and prior year for the month by $0.7 million and $0.1 million, respectively. The unfavorable variance for the month is due to more vehicle mileage than budgeted and a slower retirement of older vehicles due to be replaced by new ones. The unfavorable variance for the year is also due to the severe weather in February. The unfavorable variance to prior year is additionally due to a reclassification of expenses from Other Expenses into Materials.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Fuel	**$ 4,514**	**$ 232**	$ 398	**$ 13,167**	**$ 715**	$ 1,842

- Fuel for Revenue Equipment expense was $0.2 million favorable to budget for the month due to lower usage. Fuel expense is $1.8 million favorable to prior year to date primarily due to lower usage.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Power	**$ 2,723**	**$ (50)**	$ 1,802	**$ 9,062**	**$ (316)**	$ 2,998

- The Electric Power for Revenue Equipment expense was slightly unfavorable to budget for the month due to timing of invoices but favorable to prior year because of the impact of the polar vortex, which required a higher volume of power consumption in 2014.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Purchase of Security Services	**$ 1,167**	**$ 35**	$ (3)	**$ 3,457**	**$ 150**	$ (699)

- Purchase of Security Services was slightly favorable to budget for the month and year. Security expense was $0.7 million higher than 2014 primarily due to a one-time 2014 reclassification of charges eligible for grant reimbursement.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Other Expenses	**$ 24,186**	**$ (620)**	$ (4,291)	**$ 69,958**	**$ 18**	$ (7,801)

- Other Expenses were $0.6 million unfavorable to budget for the month and on par with budget for the year to date. Other Expenses were $4.2 million higher than prior year due to the timing of contractual expenses. Of the total monthly other expenses, the pension obligation bond expense is $10 million; the remaining expenses are for utilities, maintenance contracts, services, and other expenses.

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Total Operating Expenses	**$ 123,982**	**$ 943**	$ (5,915)	**$ 360,906**	**$ 3,388**	$ (7,751)

- Operating Expenses were $0.9 million less than budget for the month but $6.0 million more than prior year. The favorable variance to budget is due primarily to favorable labor expense which offset unfavorable material and other expenses.

V. Recovery Ratio

Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Recovery Ratio	**52.10%**	**(1.89)**		**51.33%**	**(0.46)**	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 52.10% for the month. This was unfavorable to budget by 1.89 percentage points. For the year to date the recovery ratio was 51.33% and is slightly unfavorable to budget.

VI. Ridership

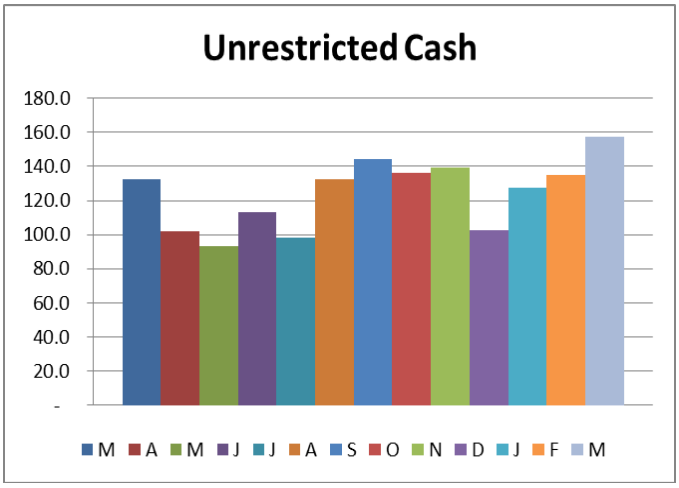
Category	Current Month Actual Mar-15	Current Month Variance to Budget Mar-15	Current Month Variance to Prior Year Mar15 vs. Mar14	Full Year Actual 2015	Full Year Variance to Budget 2015	Full Year Variance to Prior Year 2014
Bus	24,521	(789)	(86)	66,899	(1,265)	(25)
Rail	16,449	(481)	27	45,245	(939)	(32)
Rail to Rail Transfers	3,648	(138)	(4)	10,046	(290)	(12)
Total	44,618	(1,408)	(63)	122,191	(2,494)	(68)

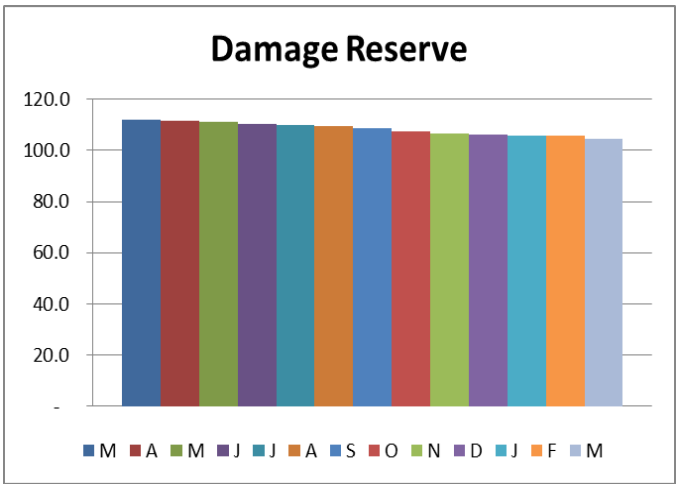
- Ridership for the month of March was 44.6 million and was less than budget and prior year by 1.4 million and 0.1 million, respectively. Calendar adjusted ridership was down 1.5% from prior year.

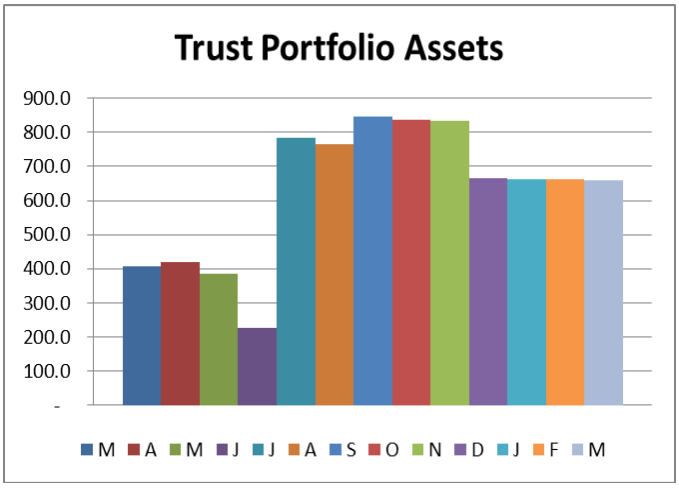
- Ridership for the year to date was 122.2 million and was 2.5 million less than budget and 0.1 million less than prior year. Calendar adjusted ridership was down 0.1% from prior year.

- More details on ridership can be found in the March Ridership Report.

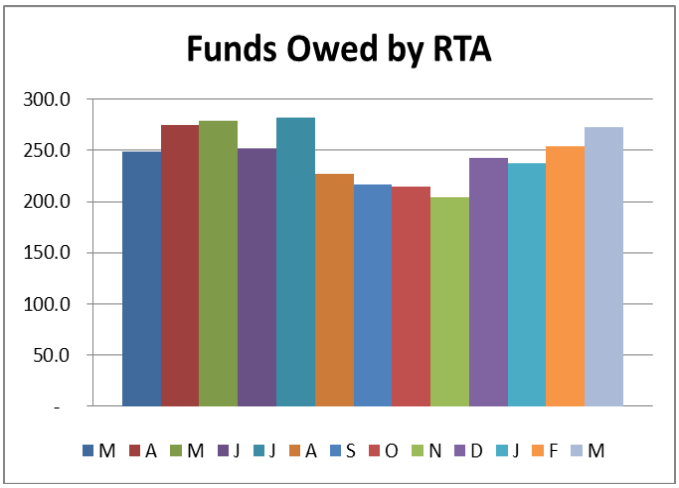
Cash & Liquidity



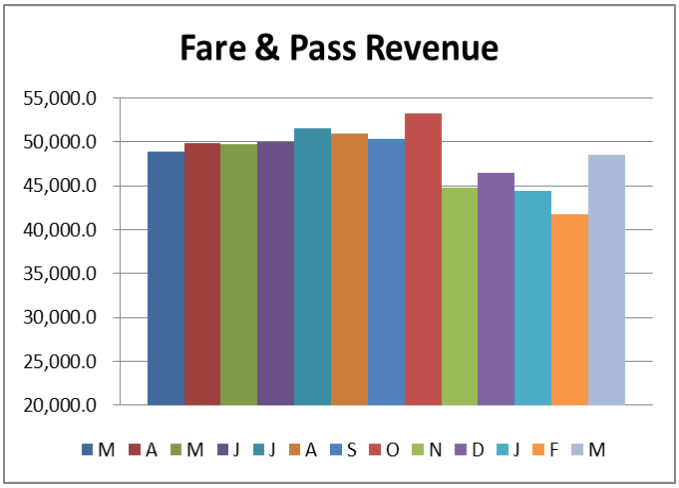


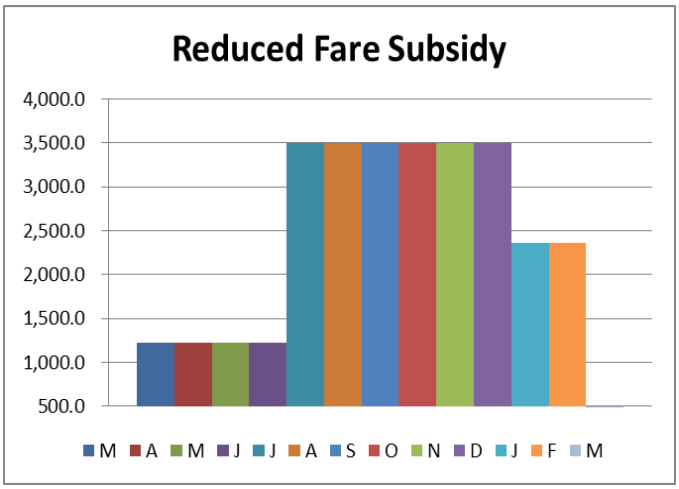


Cash & Liquidity (cont.)



Revenue





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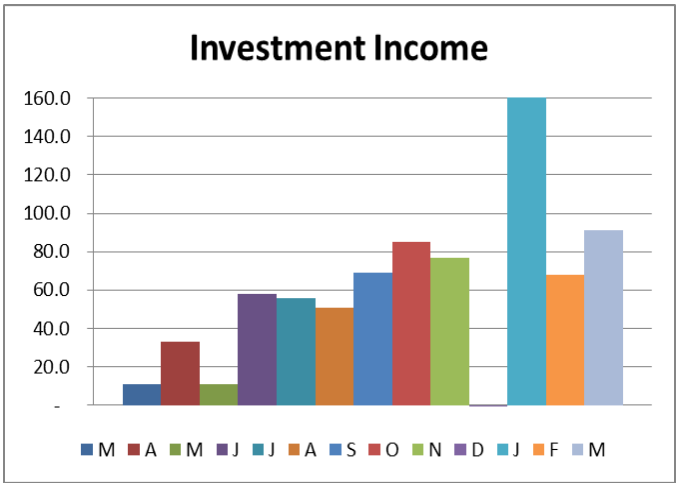

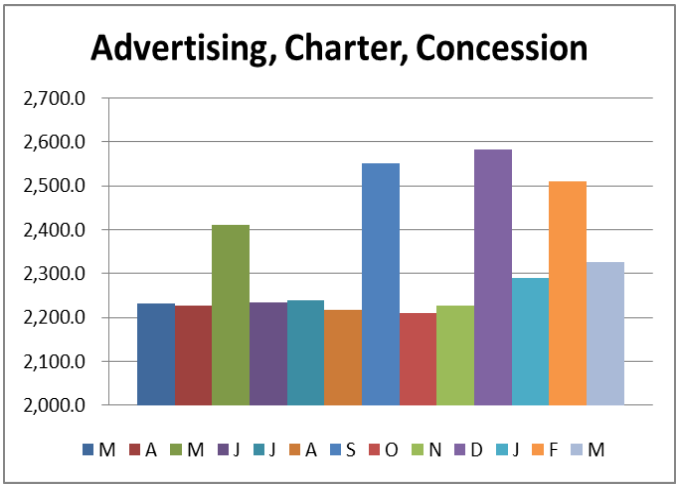

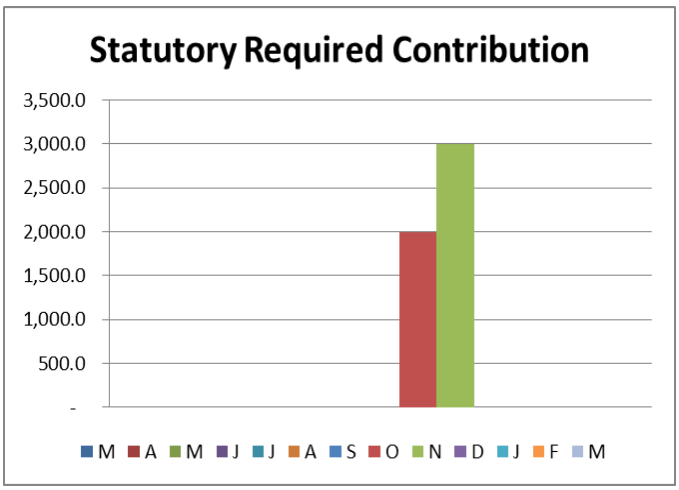

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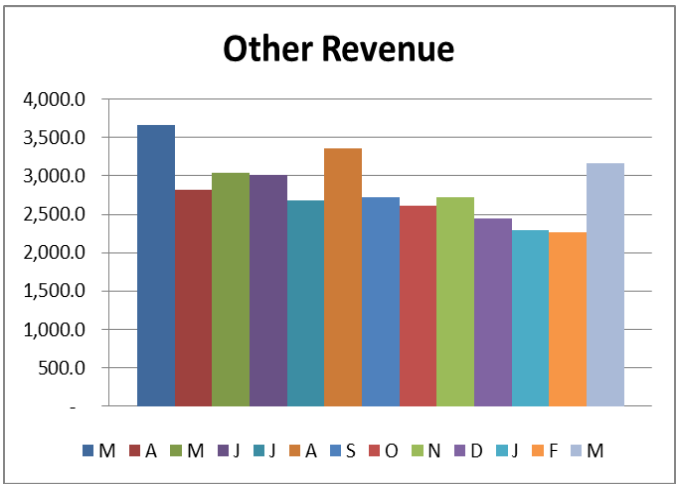

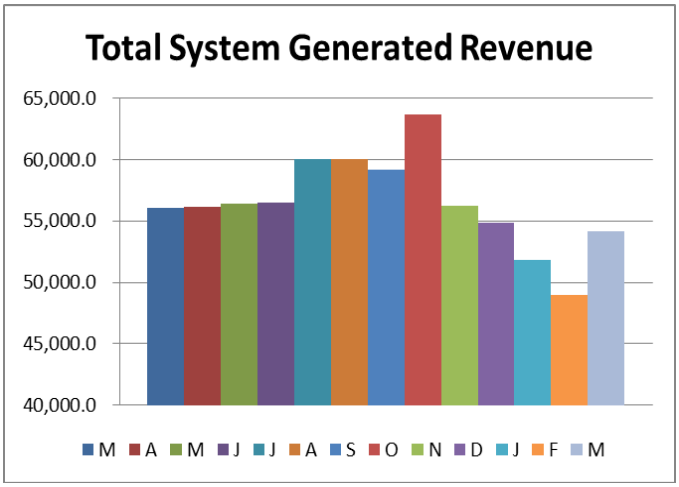

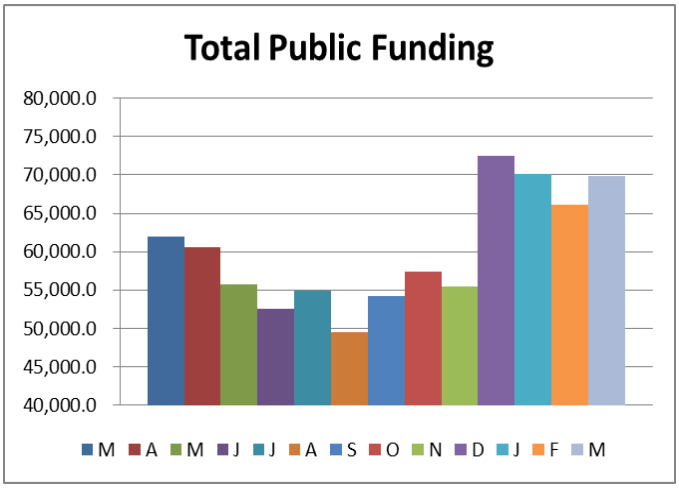

Expenses

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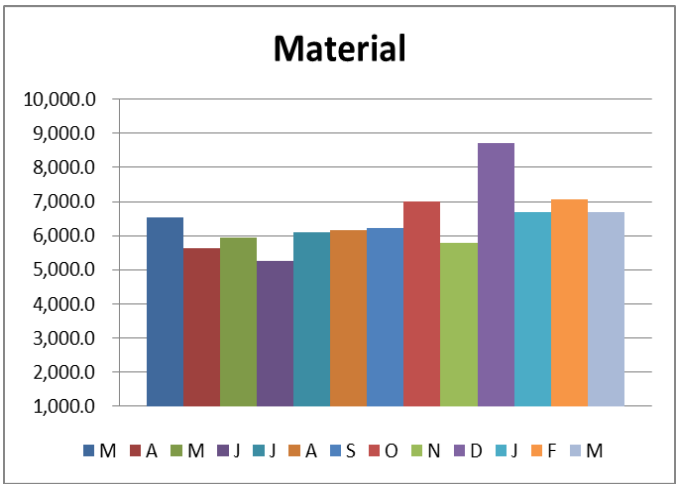
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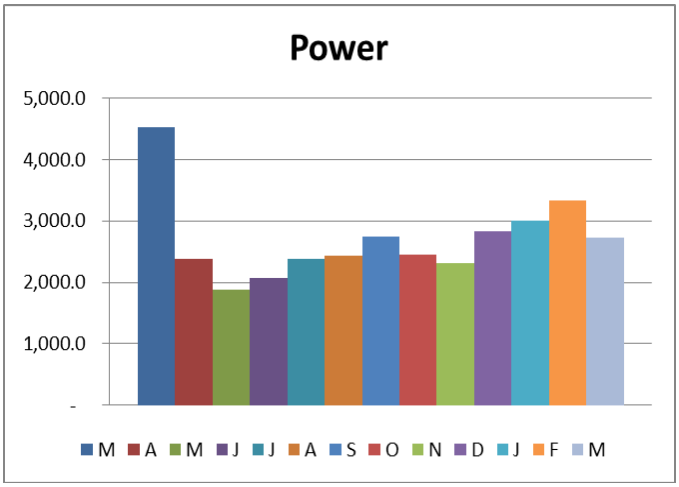
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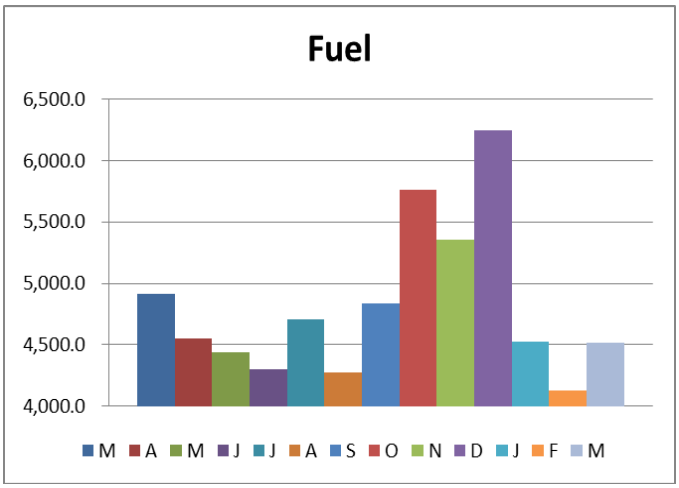
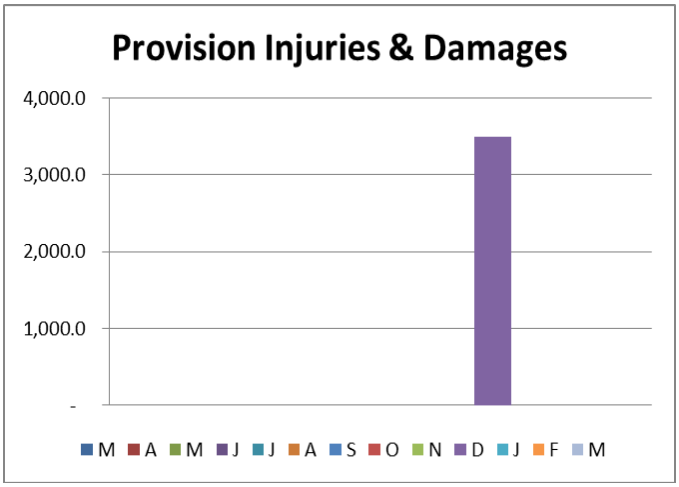
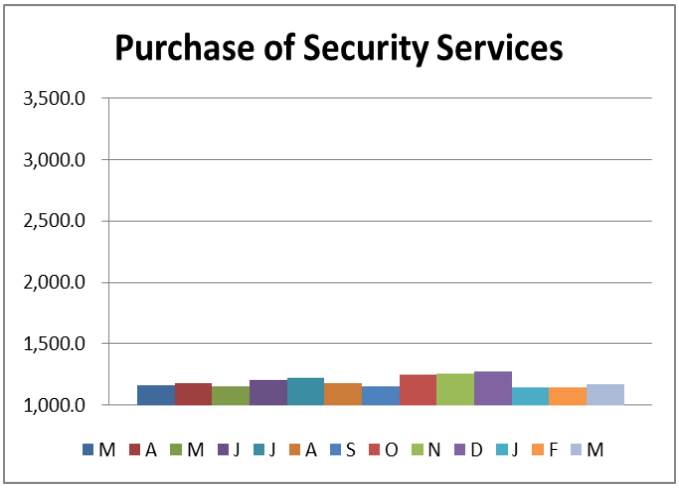
Expenses (cont.)







Expenses (cont.)